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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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10/749,628

12/30/2003

Brian Alan Grove

2043.100US1

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12/18/2008

SCHWEGMAN, LUNDBERG & WOESSNER/EBAY

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MINNEAPOLIS, MN 55402

EXAMINER

ROSEN, NICHOLAS D

ART UNIT

PAPER NUMBER

3625

NOTIFICATION DATE

DELIVERY MODE

12/18/2008

ELECTRONIC

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

USPTO@SLWIP.COM

<b>Office Action Summary</b>	<b>Application No.</b> 10/749,628	<b>Applicant(s)</b> GROVE ET AL.
	<b>Examiner</b> Nicholas D. Rosen	<b>Art Unit</b> 3625

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 30 October 2008.
- 2a) ☐ This action is **FINAL**.                      2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1-28 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-28 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☒ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 30 December 2003 is/are: a) ☒ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \*    c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- |  |   |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)            | 4) <input type="checkbox"/> Interview Summary (PTO-413)           |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)   | Paper No(s)/Mail Date. _____                                      |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date <u>10/30/2008</u> .  | 6) <input type="checkbox"/> Other: _____                          |

### **DETAILED ACTION**

Claims 1-28 have been examined.

Please note that while all claims are rejected, several are **found potentially allowable** if sufficiently rewritten.

### ***Specification***

The abstract of the disclosure is objected to because in the final line of the abstract, "a criteria" should be "a criterion". "Criteria" is a plural form. Correction is required. See MPEP § 608.01(b).

The disclosure is objected to because of the following informalities: In paragraph 8 (on page 4), "a criteria" should be "a criterion". In paragraph 111 (on page 31), "the specific criteria" should be "the specific criterion", to be compatible with usage earlier in that paragraph. In paragraph 112 (on page 32), four instances of "the criteria" should be "the criterion", since they occur in "the criteria is" or "the criteria has", and should therefore be singular.

Appropriate correction is required.

### ***Claim Objections***

Claims 7 and 21 objected to because of the following informalities: In claim 7, "the publication the fixed price offer" should be "the publication of the fixed price offer". In claim 21, "the publishing the fixed price offer" should be either "publishing the fixed price offer" or "the publishing of the fixed price offer". Appropriate correction is required.

Claims 1-7 are objected to because of the following informalities: Claims 1-7 are inconsistent between “fixed price offer” and “fixed-price offer”. The fifth line of claim 1 has “fixed price offer” without a hyphen, but the sixth line has “fixed-price offer” with a hyphen. Claims 2 and 3 hyphenate the phrase, claim 6 uses it without a hyphen, and claim 7 uses it twice without a hyphen. Appropriate correction is required.

Claims 8-14 are objected to because of the following informalities: Claims 8-14 are inconsistent between “fixed price offer” and “fixed-price offer”. The fourth line of claim 8 has “fixed price offer” without a hyphen, but the fifth line has “fixed-price offer” with a hyphen. Claims 9 and 10 hyphenate the phrase, claim 13 uses it without a hyphen, and claim 14 uses it twice without a hyphen. Appropriate correction is required.

Claims 15-21 are objected to because of the following informalities: Claims 15-21 are inconsistent between “fixed price offer” and “fixed-price offer”. The sixth line of claim 15 has “fixed price offer” without a hyphen, but the seventh line has “fixed-price offer” with a hyphen. Claims 16 and 17 hyphenate the phrase, claim 20 uses it without a hyphen, and claim 21 uses it twice without a hyphen. Appropriate correction is required.

Claims 22-28 are objected to because of the following informalities: Claims 22-28 are inconsistent between “fixed price offer” and “fixed-price offer”. The fifth line of claim 22 has “fixed price offer” without a hyphen, but the sixth line has “fixed-price offer” with a hyphen. Claims 23 and 24 hyphenate the phrase, claim 27 uses it without a hyphen, and claim 28 uses it twice without a hyphen. Appropriate correction is required.

***Claim Rejections - 35 USC § 101***

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 8-15 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. Based on the instant specifications disclosure of a “program” and “software”, the means of claims 8-15 can plausibly be interpreted as pure software, and software *per se* is not a process, machine, manufacture, or composition of matter, and therefor not patentable. A machine-readable medium with software instructions on it for causing a machine to carry out operations (as per claim 15, for example), can be statutory.

Claims 22-28 are rejected under 35 U.S.C. 101. Based on Supreme Court precedent and recent Federal Circuit decisions, the Office's guidance to examiners is that a § 101 process must (1) be tied to a machine or (2) transform underlying subject matter (such as an article or materials) to a different state or thing. In re Bilski et al, 88 USPQ 2d 1385 CAFC (2008); Diamond v. Diehr, 450 U.S. 175, 184 (1981); Parker v. Flook, 437 U.S. 584, 588 n.9 (1978); Gottschalk v. Benson, 409 U.S. 63, 70 (1972); Cochrane v. Deener, 94 U.S. 780,787-88 (1876).

An example of a method claim that would not qualify as a statutory process would be a claim that recited purely mental steps. Thus, to qualify as a § 101 statutory process, the claim should positively recite the other statutory class (the thing or product) to which it is tied, for example by identifying the apparatus that accomplishes the

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method steps, or positively recite the subject matter that is being transformed, for example by identifying the material that is being changed to a different state.

Here, applicant's method steps fail the first prong of the new Federal Circuit decision since they are not tied to a machine and can be performed without the use of a particular machine. The method steps fail the second prong of the new Federal Circuit decision since they do not transform underlying subject matter to a different state or thing. Thus, claims 22-28 are non-statutory since they may be performed largely within the human mind.

### ***Claim Rejections - 35 USC § 102***

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

Claims 8 and 22 are rejected under 35 U.S.C. 102(e) as being anticipated by Popovitch (U.S. Patent Application Publication 2004/0024682). As per claim 8, Popovitch discloses a network-based commerce system including: a means for facilitating the operation of a network-based auction price setting process for a listing of an item; a means for providing a fixed price offer for the item; and a means for

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publishing the fixed-price offer for the item based on a criterion (paragraphs 17-19, 33, 38, 84, 101, 123, 124, 128, and 137).

As per claim 22, Popovitch discloses a method to facilitate operation of a network-based commerce system, the method including: facilitating the operation of a network-based auction price setting process for a listing of an item; providing a fixed price offer for the item; and publishing the fixed-price offer for the item based on a criterion (paragraphs 17-19, 33, 38, 84, 101, 123, 124, 128, and 137).

### ***Claim Rejections - 35 USC § 103***

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

This application currently names joint inventors. In considering patentability of the claims under 35 U.S.C. 103(a), the examiner presumes that the subject matter of the various claims was commonly owned at the time any inventions covered therein were made absent any evidence to the contrary. Applicant is advised of the obligation under 37 CFR 1.56 to point out the inventor and invention dates of each claim that was not commonly owned at the time a later invention was made in order for the examiner to consider the applicability of 35 U.S.C. 103(c) and potential 35 U.S.C. 102(e), (f) or (g) prior art under 35 U.S.C. 103(a).

Claims 1, 2, 3, 4, 6 and 7 are rejected under 35 U.S.C. 103(a) as being unpatentable over Popovitch (U.S. Patent Application Publication 2004/0024682) in view of Churchill et al. (U.S. Patent 7,461,022). Popovitch discloses a network-based commerce system that facilitates the operation of a network-based auction price setting process for a listing of an item, the fixed price-setting process to provide a fixed price offer for the item and to publish the fixed-price offer on the listing based on a criterion (paragraphs 17-19, 33, 38, 84, 101, 123, 124, 128, and 137). Popovitch does not disclose a processor coupled to a memory through a bus, wherein the price-setting process is executed from the memory by the processor to cause the processor to facilitate the operation of the process, but it is well known for computers to comprise at least a processor, memory and bus, as taught, for example, by Churchill (column 12, lines 44-60). Hence, it would have been obvious to one of ordinary skill in the art of electronic commerce at the time of applicant's invention for the system to comprise a processor coupled to a memory through a bus, etc., for the obvious advantage of enabling the system to carry out its functions.

As per claim 2, Popovitch discloses the seller setting an "immediate purchase" price which is satisfactory for him, and which may not have been reached through the normal auction process (paragraph 18), implying that the fixed-price offer is higher than a current highest bid.

As per claim 3, Popovitch does not disclose that the fixed-price offer is lower than a high proxy bid, but Churchill teaches proxy bids that may rise to be higher than some given amount, and certainly higher than a current high bid; a high proxy bid in the sense



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of the maximum that a bidder authorizes his electronic agent to submit as a bid may be whatever value the bidder selects (column 44, line 49, through column 46, line 59).

Hence, it would have been obvious to one of ordinary skill in the art of electronic commerce at the time of applicant's invention for the fixed-price offer to be lower than a high proxy bid, as an obvious consequence of the choices of sellers and bidders for purchase.

As per claim 4, Popovitch does not disclose that the fixed price setting process further causes the processor to automatically designate a buyer associated with the high proxy bid as the winner of the item, but the use of automated proxy bidding, as taught, for example, by Churchill (column 44, line 49, through column 46, line 59) would have the natural consequence of automatically designating a buyer associated with the high proxy bid as the winner of the item, making this an obvious consequence of the system of proxy bidding.

As per claim 6, Popovitch has much to say about notification, but does not disclose causing the processor to automatically notify a buyer associated with the current high proxy bid upon publication of the fixed price offer; however, Popovitch teaches that providing relevant notifications to potential buyers is well known (paragraphs 23 and 24), and teaches providing notifications to potential buyers who have made arrangements to receive special notifications (e.g., Abstract). Hence, it would have been obvious to one of ordinary skill in the art of electronic commerce at the time of applicant's invention to cause the processor to automatically notify a buyer associated with the current high proxy bid upon publication of the fixed price offer, for

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the obvious advantages of notifying the buyer that he has bought the item, if the operation of his authorized proxy bidding has resulted in his purchasing the item; and notifying a buyer associated with current high proxy bid – and therefore a buyer with, presumably, a more than average ability and willingness to pay highly for the item – of the opportunity to buy the item at the fixed price.

As per claim 7, on a literal reading of the claim language, the publication of the fixed price offer in Popovitch takes place when a bid to receive notification has reached a certain value during an auction, and an appropriate item becomes available (paragraphs 74 and 77-80). Alternatively, one can say that the publication of the fixed price offer could take place at any time and therefore when bidding of a traditional sort has reached a certain value during an auction, which meets the claim limitations, there being no requirement that the publication of the fixed price offer take place responsive to a bid reaching a certain value during the auction.

Claim 5 is rejected under 35 U.S.C. 103(a) as being unpatentable over Popovitch and Churchill as applied to claim 4 above, and further in view of official notice.

Popovitch does not disclose that the automatic designation is performed when the buyer has opted into being designated the winner automatically, but official notice is taken that it is well known for buyers or other users to opt into notifications they wish to receive, etc. Hence, it would have been obvious to one of ordinary skill in the art of electronic commerce at the time of applicant's invention for the automatic designation to be performed when the buyer has opted into being designated the winner automatically, for

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the obvious advantage of arranging designation of a winner, etc., to be carried out according to buyers' wishes.

Claims 9-11, 13, and 14 are rejected under 35 U.S.C. 103(a) as being unpatentable over Popovitch as applied to claim 8 above, and further in view of Churchill. Claims 9-11, 13, and 14 are parallel to claims 2-4, 6, and 7, respectively, and rejected on the grounds set forth above for claims 2-4, 6, and 7.

Claim 12 is rejected under 35 U.S.C. 103(a) as being unpatentable over Popovitch and Churchill as applied to claim 11 above, and further in view of official notice. Claim 12 is parallel to claim 5, and rejected on the grounds set forth above for claim 5.

Claims 15-18, 20, and 21 are rejected under 35 U.S.C. 103(a) as being unpatentable over Popovitch in view of Churchill. Claims 15-18, 20, and 21 are parallel to claims 1-4, 6, and 7, respectively, and rejected largely on the grounds set forth above for claims 1-4, 6, and 7. In addition, Churchill teaches a memory embodying computer programs (column 12, lines 44-60; claims 15 and 25). Hence, it would have been obvious to one of ordinary skill in the art of electronic commerce at the time of applicant's invention to have a machine-readable medium having instructions to cause a machine to perform a method to facilitate operation of a network-based commerce system, for the obvious advantage of causing the machine to carry out the method disclosed by or obvious in view of the prior art.

Claim 19 is rejected under 35 U.S.C. 103(a) as being unpatentable over Popovitch and Churchill as applied to claim 18 above, and further in view of official notice. Claim 19 is parallel to claim 5, and rejected on the grounds set forth above for claim 5.

Claims 23-25, 27, and 28 are rejected under 35 U.S.C. 103(a) as being unpatentable over Popovitch as applied to claim 22 above, and further in view of Churchill. Claims 23-25, 27, and 28 are parallel to claims 2-4, 6, and 7, respectively, and rejected on the grounds set forth above for claims 2-4, 6, and 7.

Claim 26 is rejected under 35 U.S.C. 103(a) as being unpatentable over Popovitch and Churchill as applied to claim 25 above, and further in view of official notice. Claim 26 is parallel to claim 5, and rejected on the grounds set forth above for claim 5.

***Allowable Subject Matter***

Claims 7, 14, 21, and 28 are objected to as being dependent upon rejected base claims, but would be allowable if rewritten in independent form including all of the limitations of the base claims and any intervening claims, and also rewritten to define their potentially patentable elements more narrowly, and, in the cases of claims 14 and 28, rewritten to make them statutory under 35 U.S.C. 101.

The following is a statement of reasons for the indication of allowable subject matter: Neither Popovitch, Churchill, nor other prior art of record discloses, in

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conjunction with the limitations of claim 1, publication of a fixed price offer responsive to a bid to buy the item reaching a certain value during the auction. Note that “responsive to” is requisite, as is the limitation that this is for a bid to buy the item, not another kind of bid, as in Popovitch.

### ***Notes Regarding IDS***

The Information Disclosure Statement of October 30, 2008, contains several errors. Examiner has considered and initialed “Application Serial No. 09/504,261 (Atty. Ref. 2043.232US1) Non Final Office Action mailed 09-25-2002,” but this document has five pages, rather than 17 as stated in the IDS. Also, Examiner has considered and initialed “Application Serial No. 10/316,324 (Atty. Ref. 2043.086US11) Final Office Action mailed 06-11-08,” but this document has seven pages, rather than six as stated in the IDS.

Examiner has considered but not initialed two documents whose titles were stated incorrectly in the IDS; instead, Examiner makes them of record here: They are “How an Auction Works” (not “How and Auction Works” ), and “The Computer Museum Brings Auction Block to Cyberspace in First Internet Auction” (“Cyberspace” rather than “Syberspace”, as was erroneously printed in the IDS).

### ***Response to Arguments***

Applicant's arguments with respect to claims 1-28 have been considered but are moot in view of the new ground(s) of rejection.

### ***Conclusion***

The prior art made of record and not relied upon is considered pertinent to applicant's disclosure. Maltzman (U.S. Patent Application Publication 2002/0107779) discloses a method and system to enable a fixed price purchase within an online auction environment (and likewise with other Maltzman cases: U.S. Patent Application Publication 2007/0088654, U.S. Patent Application Publication 2008/0015971, and U.S. Patent 7,340,429). Kotas et al. (U.S. Patent Application Publication 2003/0204449) disclose services for generation of electronic marketplace listings using personal purchase histories or other indicia of product ownership.

The anonymous article, "Autodaq Creates Online Marketplace for Used Auto Industry," discloses that buyers can remove vehicles from an auction by paying a flat fee set by the seller. Duey ("Supply-Side E-Conomics") discloses a "buy now" option for buyers who don't want to endure an auction. The anonymous article, "Europe Gets Online Auction and Haggling Site," discloses an option to purchase immediately, without waiting for an auction to close. G.C. Williams ("San Antonio Express-News G. Chambers Williams III Column") discloses a "buy it now" feature and proxy bidding in an online auction.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Nicholas D. Rosen whose telephone number is 571-272-6762. The examiner can normally be reached on 8:30 AM - 5:00 PM, M-F.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Jeffrey A. Smith can be reached on 571-272-6763. The fax phone number

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for the organization where this application or proceeding is assigned is 571-273-8300.

Non-official/draft communications can be faxed to the examiner at 571-273-6762.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/Nicholas D. Rosen/  
Primary Examiner, Art Unit 3625  
December 12, 2008